



THE COMMONWEALTH OF MASSACHUSETTS  
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SENT ELECTRONICALLY, BY FAX AND MAIL

December 17, 2003

Mary Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2nd Floor  
Boston, MA 02110

**Re: Fitchburg Gas and Electric Light Company, D.T.E. 03-115**

Dear Secretary Cottrell:

On November 26, 2003, pursuant to G.L. c. 164, § 1A(a) and 220 C.M.R. § 11.03(4), Fitchburg Gas and Electric Light Company ("FG&E" or "Company") filed with the Department its 2003 reconciliation filing. The filing incorporates several rate change proposals to be effective on January 1, 2004. On December 8, 2003, the Department issued a Notice of the Filing and Request For Comments on December 17, 2003. Pursuant to that notice, the Attorney General submits this letter as his Initial Comments.

The Company proposes the following changes:

- the average transition charge decreases from \$0.01187/kWh to \$0.00982;
- the average external transmission charge decreases from \$0.00362/kWh to \$0.00308;
- the average internal transmission adjustment charge increases from \$0.00005 to \$0.00044; and
- the standard offer charge increases from \$0.04700 to \$0.0510/kWh.

In addition to these changes in the reconciling rates, the Company's filing includes the implementation of a standard offer fuel adjustment ("SOSFA") of \$0.01185. Cover letter, p. 2. The Company is not proposing to implement either a standard offer adjustment factor or a default service adjustment factor, although the Company has prior period deferrals for both cost categories. Exh. FGE-KMA-1, pp. 14-15 and 21-23. According to the Company's bill impact analyses, the monthly bill for a residential standard offer customer using 500 kWh each month will decrease by \$0.30 or -0.4%. Schedule DJD-6, p. 19.

The Attorney General requests that the Department open an investigation into the Company's proposed reconciliation as it has for all the Company's prior filings. "[T]he Department must ensure that the proposed reconciliations are consistent with or substantially

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comply with the Electric Utility restructuring Act, Chapter 164 of the Acts of 1997 ("Act") the company's approved restructuring plan, applicable law, and Department precedent." *Boston Edison Company*, D.T.E. 98-111, p. 4 (October 19, 1999). See *Boston Edison Company*, D.T.E. 98-111 (December 31, 1998); *Boston Edison Company*, D.T.E. 99-107 (January 4, 2000).

The Attorney General's Brief in the Company's 2002 reconciliation (D.T.E. 02-84) raised a number of issues regarding (1) the possible under-collection of the uniform transition charge by the G-3 class, (2) the miscalculation of the purchased power cost working capital allowance, and (3) the propriety of collecting congestion costs from customers when the supplier is responsible for these costs. The Department has not yet issued its final order in D.T.E. 02-84 addressing these issues. The Company has not adjusted its reconciliation to reflect any change in its position on these issues. Exh. FGE-KMA-1, p. 6. These and other issues require further investigation in this docket.

In addition, this 2003 reconciliation filing is the last filing that the Company is required to make in compliance with the Restructuring Act's fifteen per cent discount. G.L. c. 164, § 1B(b). FG&E has significant standard offer deferrals and transition charge deferrals.<sup>1</sup> The scope of this proceeding should encompass a review of these deferrals and an examination of how the Company proposes to recover these amounts in the future. If FG&E were to seek recovery of these amounts beginning in 2005, there could be severe adverse customer bill impacts.

Consistent with Department precedent, the Attorney General requests that the Department initiate a formal investigation into the reconciliation filings.

Sincerely,

Joseph W. Rogers  
Chief Utilities Division

cc: Caroline Bulger  
Gary Epler  
Service List

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<sup>1</sup> See *Filing Cover Letter*, Standard Offer (base and SOSFA) - \$4.3 million; Transition Charge \$16.4 million.